

## Message Text

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43/11

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 PM-04 H-02 INR-07 L-03 NSC-05

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O R 050938Z MAR 76 ZDK ZEL

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7470

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY THE HAGUE

AMCONGEN HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

COMUSJAPAN YOKOTA

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 3388

C O R E C T E D C O P Y DUE OMMISSION OF ADDEE

CINCPAC FOR POLAD

E.O. 11652 XGDS-3

TAGS: PINT, JA

SUBJ: LOCKHEED SPINS INTO FIFTH WEEK

SUMMARY. AS LOCKHEED ENTERS ITS FIFTH WEEK HERE, PUBLIC AND MEDIA INTEREST REMAIN HIGH, PARTICULARLY FASCINATED BY GOVERNMENT OFFICIALS ALLEGEDLY INVOLVED. BUT POLITICIANS REMAIN UNCERTAIN AN CONFUSED, IF ONLY BECAUSE THEY STILL DO NOT KOW WHAT FURTHER REVELATIONS ARE IN STROE, WHEN THEY MIGHT OCCUR, OR EVEN WHEN IT WILL ALL END. AT THE SAME TIME, THERE IS WIDESPREAD AGREEMENT THAT, UNLESS THE AES OF CURRENT TOP CABINET OR PARTY OFFICIALS

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ARE RELEASED, MIKI AND HIS PRESENT CABINET ARE LIEELY TO

WEATHER THE STORM. IT ALSO APPEARS LIKELY THAT THE LDP WOULD MORE OR LESS HOLD ITS OWN IN FALL ELECTIONS. THE SITUATION HERE WOULD BE COMPLICATED, HOWEVER, BY REVELATIONS PRIOR TO EXPECTED MID-MARCH LOWER HOUSE BUDGET PASSAGE. BUT THE CONSERVATIVES HAVE BEEN BADLY SHAKEN BY CHARGES OF BRIBERY AND CORRUPTION FOR THE SECOND TIME IN LESS THAN A YEAR AND A HALF. THEY REMAIN SHARPLY DIVIDED AMONG THEMSELVES AS TO HOW BEST TO COPE WITH THE LOCKHEED SCANDAL. THE POWER OF FORMER PRIME MINISTER TANAKA, WIDELY BELIEVED TO BE CULPABLE, HAS DIMINISHED MARKEDLY. ALONG WITH THIS, THE CHANCES OF MAJOR FACTIONAL REALIGNMENT WITHIN THE LDP -- AND SPECIFICALLY A FUKUDA/OHIRA ALLIANCE-- HAVE INCREASED. THIS WOULD POSE A SIGNIFICANT NEW CHALLENGE FOR MIKI. BUT, FOR THE TIME BEING AT LEAST, PRIME MINISTER MIKI, DESPITE CRITICISM, APPEARS TO BE COPING ABOUT AS WELL AS CAN BE EXPECTED. END SUMMARY.

1. PUBLIC INTEREST IN THE LOCKHEED AFFAIR REMAINS HIGH AS WE ENTER THE SCANDAL'S FIFTH WEEK. THE PAST SEVERAL DAYS HAVE SEEN UNANIMOUS DIET RESOLUTIONS AND A MIKI LETTER TO THE PRESIDENT REQUESTING THE RELEASE OF ALL RELEVANT LOCKHEED PAPERS, INCLUDING NAMES OF JAPANESE OFFICIALS ALLEGEDLY INVOLVED, AND MIKI HAS PROMISED THAT THE MATERIALS RECEIVED WOULD BE MADE PUBLIC. (THERE HAS BEEN SOME BACK-TRACKING, HOWEVER, WITH MIKI AND OTHERS TALKING OF POSSIBLE US CONDITIONS ON PUBLIC RELEASE AND EVEN THE POSSIBILITY THAT PUBLIC RELEASE MAY HAVE TO BE DELAYED SO AS NOT TO PREJUDICE JAPANESE INVESTIGATIONS.) THE LOWER HOUSE BUDGET COMMITTEE HEARS AN ADDITIONAL ELEVEN HOURS OF INCONCLUSIVE TESTIMONY CONCERNING LOCKHEED MARCH 2. THERE WERE ALSO HIGHLY PUBLICIZED POLICE AND TAX AGENCY RAIDS ON KODAMA, MARUBENI AND LOCKHEED TOKYO OFFICES. THE MEDIA HAS REPORTED ALL OF THIS IN EXHAUSTIVE DETAIL AND THE SINGLING OUT OF SCAPEGOATS, WHICH IS CUSTOMARY HERE, IS WELL UNDER WAY. OBVIOUS CANDIDATES ARE ULTRA-NATIONALIST YOSHIO KODAMA AND EX-MARUBENI DIRECTOR TOSHIHARU OKUBO. BUT BEYOND THESE, THE IDENTITIES OF "HIGH GOVERNMENT OFFICIALS" ALLEGEDLY INVOLVED -- THAT IS, A GOVERNMENT SCAPEGOAT -- REMAINS AS FASCINATING AND MYSTERIOUS AS EVER.

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2. THE POLITICAL PARTIES, AND PARTICULARLY THE LDP, REMAIN OFF BALANCE, CONFUSED AND UNCERTAIN. POLITICIANS ARE CONFUSED AS TO PRECISELY WHO MIGHT BE INVOLVED. SUSPICIONS OF TANAKA INVOLVEMENT, LINKED MAINLY TO HIS OSAN O CONNECTION, CONTINUE. THE PAST WEEK ALSO SAW A FLURRY OF RUMORS SUGGESTING POSSIBLE LOCKHEED INVOLVEMENT OF PRIME MINISTER OHIRA, LDP SENATOR NAKASONE, AND OPPOSITION PARTIES (EXCEPT THE JCP). ALL OF THIS HAS BEEN HOTLY DENIED, BUT THE RUMOR-

AROUSED SUSPICIONS LINGER ON. THESE RUMORS FLOURISH IN AN ATMOSPHERE OF UNCERTAINTY AND MUTUAL SUSPICION IN WHICH POLITICAL ASSOCIATES OF MANY YEARS HYRT ONE ANOTHER DEEPLY BY ASKING POSSIBLE INVOLVEMENT. YOUNGER POLITICIANS, WORRIED ABOUT THEIR DIET SEATS, SEEM ESPECIALLY CONCERNED ABOUT EXPLAINING THE TANAKA-OSANO TTE -- AT LEAST.

3. THE UNCERTAINTY IS NATURAL, OF COURSE BECAUSE NO ONE KNOWS WHAT FURTHER REVELEATIONS ARE IN STORE OR WHEN THEY WILL COME. HERE IN JAPAN, TAX AND POLICE AUTHORITIES HAVE MOUNTED MAJOR INVESTIGATIONS WITH A SERIOSNESS AND URGENCY UNUSUAL EVEN FOR THIS SERIOUS AND IMPATINET COUNTRY. THE TAX AUTHORITIES ARE WORKING AGAINST A MARCH 13 THREE-YEAR (TAX) STATUTE OF LIMITATIONS. AN INITIAL POLICE REPORT IS ALSO EXPECTED SOON. (THE DIET, HOWEVER, IS NOT EXPECTED TO PRODUCE IMPORTANT NEW INFORMATION, EESPIE THE GLARING DISCREPANCIES IN MARCH 1 TESTIMONY.) THE OTHER MAIN SOURCE OF NEW INFORMATION IS, OF COURSE, THE US. MANY JAPANESE AVE BEEN LED TO BELEIVE BY REPORTS FROM WASHINGTON CORRESPONDENTS THAT THE PRESIDENT WILL SET FORTH THE USG POSITION ON RELEASE OF THE REMAINING LOCKHEED PAERS IN A RESPONSE TO THE MIKI LETTER THIS WEEK (OF MARCH 1). THERE IS FINALLY THE QUESTION OF HOW LONG THE MULTINATIONAL INVESTIGATIONS WILL CONTINUE IN THE US, WITH MANY JAPANESE WONDERING WHETHER EVEN THE PRESEDENTIAL ELECTION WILL PUT AN END TO THEM.

4. CONSERVATIVE LEADERS CONTINUE TO TRY TO PREPARE THEMSELVES FOR OSSIBLE FUTURE POLITICAL ADVANTAGE FROM THE CURRENT SITUATION. BY ADDRESSING HIS UNEQUVOCAL LETTER TO PRESIDENT FORD FIRST CONSULTING OTHER LDP LEADERS, PRIMIN MIKI HAS MADE HIS POSITION IN FAVOR OF FULL DISCLOSURE UNMISTAKEABLY CLEAR. IN DOING SO, HE HAS ADOPTED AN UNASSAILABLE MORAL POSSITION, SQUARELY IN LINE WITH POPULAR CONFIDENTIAL

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AND MEDIA SENTIMENT. FUKUDA ALSO CLEARLY -- IF QUIETLY-- FAVORS THIS APPROACH. ON THE OTHER HAND, TANAKA AND HIS FACTION MEMBERS ARE NOW VERY MUCH ON THE DEFENSIVE, THREATENING BROADSCALE EXPOSURES IF THEIR MAN IS SLANDERED, DISAVOWING ANY TANAKA LINK WITH KODAMA

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 PM-04 H-02 INR-07 L-03 NSC-05

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7471

INFO AMEMBASSY BONN

AMEMBASSY SEOUL

AMEMBASSY THE HAGUE

AMVONGEN HONG KONG 6602

USLOPEKING

CINCPAC HONOLULU HI

COMUSJAPAN YOKOTA

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 3388

TYPES. OUR FAVORITE AMONG THESE LATTER IS THE NOTION THAT TANAKA MAY HAVE HAD TO PLACATE THE ULTRANATIONALISTS TO ASSURE A TROUBLE-FREE 1972 JAPAN-CHINA RAPPROCHMENT. THE LDP LEADERS, INCLUDNG SHIINA AND HORI, REMAIN DISGRUNTED, CAUTOUS AND CRITICAL OF THE MIKI LETTER AND OF HIS "HANDLING" OF THE ENTIRE MATTER. THE WEEK ID SEE, HOWEVER, SOME SIFTS IN THE OHIRA AD NAKASONE POSITIONS TOWARD FULL DISCLUSIRE. THESE WERE APPARENTLY THOUGHT NECESSARY IN THE WAKE OF THEIR RUMORED INVOLVEMENT, ERRONEOUS OR NOT.

5. OPPOSITION PARTIES, TOO, ALTHOUGH MOUNTING SMALL SCALE DEMONSTRATIONS AND POUNDING THE ELECTION DRUM, APPEARED LESS CERTAIN THIS WEEK THAN LAST. THREATENED EXPOSURE OF OSANO FINANCIAL CONNECTNS WITH MORE THAN ONE HUNDRED DIET MEMBERS, INCLUDING MANY IN THE OPPOSITION, APPRENTLY LED THEM TO AGREE INITIALLY THAT A SECOND OSANO DIET APPEAR-ANCE WAS NOT NECESSARY. THE RECENT NEWSWEEK ARTICEL WHICH, CONFIDENTIAL

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AS REPORTED HERE, SUGGESTS THA FORTY-THREE JAPNAESE "OFFICIALS" MAY BE INVOLVED IN LOCKHEED, WILL UNDOUBTEDLY GIVE THEM FURTHER PAUSE FOR THOUGHT.

6. AGAINST THIS BACKGROUND, IT IS NOT SURPRISING THAT THERE ARE SHARP DIFFERENCES ABOUT POSSIBLE RAMIFICATIONS OF THE SCANDAL. BUT THERE ARE ALSO AREAS OF AGREEMENT. FOR EXAMPLE, THERE IS GENERAL AGREEMENT THAT:

--THE RELEASE OF ADDITIONAL LOCKHEED MATERIAL WITHOUT NAMES WILL PROLONG THE CONTROVERSY, BUT WILL NOT SIGNIFICANTLY CHANGE THE CURRENT POLITICAL SITUATION HERE.

--THE RELEASE OF NAMES OF IMPORTANT LDP LEADERS WHO DO NOT CURRENTLY HOLD TOP CABINET OR PARTY POSITIONS, SUCH AS TANAKA, COULD LEAD TO EXPULSION OR RESIGNATION (FROM THE LDP AND LOWER HOUSE) AND WOULD EFFECT THE INTRA-LDP FACTIONAL BALANCE.

-- BUT IF IMPORTANT CURRENT CABINET OR PARTY OFFICIALS ARE NAMED, THERE IS WIDESPREAD AGREEMENT THAT THEY COULD NOT SIMPLY BE REPLACED -- AND A MASS CABINET RESIGNATION IS LIKELY. THERE IS EVEN SOME TALK OF SPRING DISSOLUTION AND GENERAL ELECTIONS. REVELATIONS PRIOR TO EXPECTED MID-MARCH LOWER HOUSE PASSAGE OF THE BUDGET WOULD FURTHER COMPLICATE THE SITUATION.

7. BEYOND THAT, HOWEVER, THE DIFFERENCES BEGIN.

PEOPLE DIFFER OVER WHO WOULD HEAD A POST-RESIGNATION CABINET. THE ODDS APPEAR TO FAVOR MIKI, AND HE IS SAID TO HAVE SOME OF HIS ADVISORS WORKING ON PRECISELY THIS PROBLEM RIGHT NOW. OTHERS SUGGEST SHIINA OR HORI MIGHT BE NAMED TO HEAD A PROVISIONAL CABINET TO PASS THE BUDGET AND HOLD THE FORT UNTIL A LOWER HOUSE DISSOLUTION/ ELECTION. (BOTH MIKI AND SHIINA PROPNENTS, HOWEVER, MAY BE WEIGHING TOO HEAVILY A CONTINUATION OF THE PRESENT FUKUDA-TANAKA STAND-OFF.) A THIRD GROUP ARGUES THAT A CRISIS ATMOSPHERE WOULD REQUIRE SHIINA ONCE AGAIN TO FIND INTRA-PARTY AGREEMENT FOR A NEW LDP PRESIDENT (AND PRIME MINISTER). FUKUDA, THEY SAY WOULD BE THE OBVIOUS CHOICE.

8. THERE IS GREATER AGREEMENT ON THE TIMING OF A GENERAL ELECTION BUT NOT ON ITS OUTCOME. NEARLY ALL CONSERVATIVES ARE NOW CONVINCED OF THE SERIOUS RISKS OF HOLDING A GENERAL CONFIDENTIAL

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ELECTION BEFORE FALL --OCTOBER IS THE MONTH MOST OFTEN MENTIONED. BUT ESTIMATES OF LDP FORTUNES RANGE FROM LOSSES OF 20-30 SEATS (AN EXPERIENCE JOURNALIST) IF AN ELECTION WERE HELD SOON, TO SLIGHT GAINS OF 5-10 SEATS (A SENIOR TANAKA FACTION MEMBER) IN A FALL ELECTION. BUT MOST PREDICT SOME LDP LOSSES -- IN THE 5-10 SEAT RANGE -- EVEN THIS FALL. NO ONE BELIEVES THE LDP WILL LOSE ITS LOWER HOUSE MAJORITY.

9. BUT IF THERE ARE DIFFERENCES ABOUT THE FUTURE, IT IS CLEAR THAT SIGNIFICANT POLITICAL CHANGES HAVE ALREADY TAKEN PLACE AS LOCKHEED ENTERS ITS FIFTH WEEK. THE

CONSERVATIVE PARTY HAS BEEN SEVERELY SHAKEN FOR THE SECOND TIME IN LESS THAN EIGHTEEN MONTHS. THE IMAGE OF HIGH LEVEL BRIBERY AND CORRUPTION ASSOCIATED WITH TANAKA'S 1974 RESIGNATION HAS NOW BEEN REINFORCED -- AND, ALONG WITH IT, THE SENSE THAT CONSERVATIVES MUST CLEANSE THE PARTY TO OVERCOME MOUNTING POPULAR DISTRUST. WITHIN THE LDP, TOO, THERE ARE EXTRAORDINARY NOTIONS OF HOW TO COPE WITH THE LOCKHEED SITUATION AMONG THE CONSERVATIVE LEADERSHIP, AND BETWEEN LDP POLITICAL GENERATIONS. THESE WILL TAKE MONTHS TO HEAL THERE IS WIDESPREAD SUSPICION DIRECTED AT FORMER PRIME MINISTER TANAKA AND THE PROGRESSIVE ISOLATION OF THE TANAKA FACTION WHICH, DEPENDING UPON CIRCUMSTANCES, COULD CONCEIVABLY EVEN LEAD TO BREAK UP OF THE FACTION. THIS, OF COURSE, WOULD SIGNAL A MAJOR FACTIONAL REALIGNMENT WITHIN THE LDP. BUT IT IS STILL PREMATURE TO COUNT TANAKA DOWN, LET ALONE OUT. IN THE MEANTIME, PRIME MINISTER MIKI STILL APPEARS TO ENJOY GREATER POPULAR AND MEDIA CONFIDENCE THAN OTHER CONSERVATIVE LEADERS. THE POWER OF TANAKA, AND TO A LESSER EXTENT SHIINA, HAS DECREASED SIGNIFICANTLY, AND ALONG WITH IT THE DANGER FROM THOSE QUARTERS TO MIKI. AT THE SAME TIME, THE CHANGES OF A MUCH DISCUSSED FUKUDA-OHIRA ALLIANCE HAVE, AS A RESULT OF TANAKA SUSPICIONS, IMPROVED. THIS, OF COURSE, COULD MEAN A NEW CHALLENGE TO MIKI. BUT JUST NOW MIKI -- DESPITE CRITICISM -- APPEARS TO BE COPING ABOUT AS WELL AS CAN BE EXPECTED.

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## Message Attributes

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**To:** STATE  
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